

TAX - SPEND - ELECT

By J. JOHNSTON McCAULEY

A long time ago, a brilliant political analyst said: "Under a Democracy a country will last until those in power learn that they can perpetuate themselves through taxation. The United States is a Republic, not a Democracy."

Ponder this for a moment, then think back to most of the political speeches, campaigns and rallies. What has been the predominant scheme? Promises made what the candidate would do if elected. And whose money does any political office-holder use to do all these things? The people's money, of course, through taxation. Is it possible for a man to be elected without promising to do more and more things for the American people through government? Is there any way in which these things can be done except through taxation?

When a person has earned a dollar, he feels that he is free to spend it as he wishes—all of it. In activating a lesson in arithmetic, we might place a dollar in change on a table and then count the coins for taxes and set them aside. If this dollar represents one of two thousand one earns annually (without dependents), subtract 20¢ from this dollar; the other 80¢ is the taxpayer's. Out of the \$2,000 figure, subtract \$400 for income tax, leaving \$1,600; but many hidden taxes are still to be squeezed out of the remainder. The more a person makes, the higher the percentage that goes for taxes.

Another (with no dependents) who earns eight or nine times \$2000 annually probably pays nearly half of it in income tax. The relatively few who earn \$200,000 or more must pay 91% on most of it in Federal Income Tax. In addition there may be a state income tax, state sales tax, or both.

On income tax derived from dividends, a graduated corporation tax of 52% or more would be stripped off before a person is handed his profit — profit which would be subject to tax itself. Such double taxation is understandably disliked by the people who have shouldered the payment of the Federal Government's bills only to find out what a lavish spender the government is.

The original income tax law — the 16th Amendment to our Constitution — came to just 31 words. From this humble beginning the law has mushroomed so that it now contains 440 thousand words — almost a half million — and is so complex that the average citizen, even with a very modest income, needs professional help to compute his annual obligation to the Federal Government.

The government spends \$200,000,000 of its revenues each year on simply administering the income tax law. There is only about half enough personnel to run down defaulters. When it first became obvious that the Federal Government could not pay its bills through the Federal Income Tax, there came into being the hidden, or indirect, tax. This began as a luxury tax and it began on a very plausible basis. After all, a citizen can choose whether or not he wants to pay a tax because he does not actually need to purchase luxuries. If he chooses not to buy a luxury he therefore prefers not to pay this particular form of taxation. Hidden taxes have become enormously important in the financial and economic structure of our government. They amount to one-fourth of the retail cost of one's automobile, one-third of one's telephone bills, half of the price one pays for gasoline and oil.

What does the American taxpayer get in return for his hard-earned money? How is the annual \$100 billion tax revenue used? The largest items are national defense, foreign aid, and Federal aid to pensioners, schools and the various other agencies which were formerly locally maintained. The largest single item outside of defense is the interest on Municipal, State and Federal debts. This huge indebtedness of over a trillion and a half need never have reached its astronomical proportions had elementary thrift been observed in government management. Perhaps the mounting debts are one of the reasons our young people have such a sense of hopelessness in our times.

We learn from past experience when a nation has a tax burden of 10% of its income

that burden has been easily carried without damage to the economy. History also tells us that when the tax burden reaches 20 per cent of the nation's income the process becomes more difficult and dissatisfaction becomes widespread. But no country in the entire history of the world has ever survived a tax burden that amounted to one-third of its total gross income.

Where do we stand today? We stand roughly 31 per cent — just two percentage marks away from the point of no return. Today, out of every dollar earned in the United States, 31 cents goes to the tax collector. Of course, there are curative measures to our present tax situation. If our people have sufficient energy to earn money and pay huge taxes maybe they will put a legal, restraining hand on the disposition of these funds before our country is rendered insolvent.

There are only two avenues to take. The first is to continue along our present path and go on down the avenue towards bigger and more costly government. This is just what the Socialists would love to see us do, for then we would automatically become a welfare state, with the people demanding more and more from a central government, everyone working for the government and the latter giving back to the people what they must have in basic necessities. The other, is for the people of America to once again shoulder their own responsibilities for the things they now demand. This will permit a cutback in the services government renders and a reduction in the amount of taxation imposed on us today.

This reduction in government spending will not be automatic, however. We in the United States will have to demand it, but first we will have to start taking care of our own resources and responsibilities. Then, and then only, will taxpayers, united and resolved, be able to do something about remedying conditions. Certainly, taxes are a necessity in the operation of all governments, but even the most learned tax experts look upon our tax structure as a legal nightmare. It has grown out of proportion at a phenomenal rate. It needs a complete and thorough overhauling. But so long as we do not raise our voices in protest over unconstitutional functions of our several governments, just that much closer do we come to statism. Do we have the moral stamina

1967 WITH HOPE

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which would expedite our work — to replace broken down equipment with faster, more efficient equipment—to circularize thousands, yes, millions, of new people with the Truth?

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and strength to remain free? It is entirely up to the taxpayers to declare themselves. If they do nothing about it, they will wake up one of these days and find themselves living under a complete totalitarian government such as the Soviet Union today.

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